

BATON ROUGE BAR FOUNDATION
Baton Rouge, Louisiana

AUDITED FINANCIAL STATEMENTS
For the Year Ended December 31, 2012



T W R U

CPAs & Financial Advisors

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT.....	1
FINANCIAL STATEMENTS:	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS.....	6
SUPPLEMENTAL SCHEDULES:	
SCHEDULE OF REVENUES AND EXPENDITURES BY GRANT	12
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENDITURES	13
SCHEDULE OF FUNDRAISING EXPENDITURES	14
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING</i> <i>STANDARDS</i>	15
SCHEDULE OF FINDINGS AND RESPONSES	16

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Baton Rouge Bar Foundation
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Baton Rouge Bar Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baton Rouge Bar Foundation as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules on pages 12 through 14, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2013, on our consideration of Baton Rouge Bar Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Baton Rouge Bar Foundation's internal control over financial reporting and compliance.

TWRU

CPAs and Financial Advisors
Baton Rouge, Louisiana
June 27, 2013



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BATON ROUGE BAR FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION
(See Notes to Financial Statements)
December 31, 2012

ASSETS

UNRESTRICTED CURRENT ASSETS:

Cash and Cash Equivalents	\$ 271,677
Accounts Receivable	538
Grants Receivable	50,132
Certificates of Deposit	17,316
Other Current Assets	<u>2,553</u>

TOTAL UNRESTRICTED CURRENT ASSETS 342,216

RESTRICTED CURRENT ASSETS:

Cash and Cash Equivalents	<u>30,506</u>
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TOTAL CURRENT ASSETS \$ 372,722

PROPERTY AND EQUIPMENT:

Furniture and Fixtures	85,845
Equipment	1,603
Computers	34,672
Building Improvements	32,106
Building	<u>537,634</u>

TOTAL PROPERTY AND EQUIPMENT	691,860
Less Accumulated Depreciation	<u>302,507</u>
	389,353

Land	<u>150,000</u>
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NET PROPERTY AND EQUIPMENT 539,353

INVESTMENTS

Marketable Securities, Unrestricted	<u>11,398</u>
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TOTAL ASSETS \$ 923,473



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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$ 42
Deferred Grant Revenue	4,000
Due to Affiliate	<u>42,015</u>

TOTAL LIABILITIES (ALL CURRENT) \$ 46,057

NET ASSETS:

Unrestricted	869,189
Temporarily Restricted	<u>8,227</u>

TOTAL NET ASSETS 877,416

TOTAL LIABILITIES AND NET ASSETS \$ 923,473

BATON ROUGE BAR FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES
(See Notes to Financial Statements)
For the Year Ended December 31, 2012

CHANGES IN UNRESTRICTED NET ASSETS:

Revenues:		
Fundraising	\$ 28,448	
Donations	19,443	
Interest Income	844	
Lease Income	2,400	
Membership Dues	22,700	
Investment Income	1,042	
Miscellaneous	1,841	
Total Unrestricted Revenues	76,718	
Net Assets Released From Restrictions	242,617	
Total Unrestricted Revenues and Other Support		\$ 319,335
Expenses:		
Grant Expenditures	258,600	
General and Administrative	68,886	
Fundraising	6,499	
Total Expenses		333,985
Decrease in Unrestricted Net Assets		(14,650)

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:

Grant Revenue	243,846
Net Assets Released From Restrictions	(242,617)
Increase in Temporarily Restricted Net Assets	1,229
Decrease in Net Assets	(13,421)
Net Assets at Beginning of Year	890,837
Net Assets at End of Year	\$ 877,416

BATON ROUGE BAR FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS
(See Notes to Financial Statements)
For the Year Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ (13,421)
Adjustments to Reconcile Change in Net Assets to Net Cash	
Used by Operating Activities:	
Depreciation	15,689
Unrealized Gain on Marketable Securities	(802)
Decrease (Increase) in Assets:	
Accounts Receivable	400
Grants Receivable	1,519
Other Current Assets	(1,250)
Increase (Decrease) in Liabilities:	
Accounts Payable	(1,788)
Due to Affiliate	(5,973)
Deferred Revenue	(300)

NET CASH USED BY OPERATING ACTIVITIES \$ (5,926)

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Marketable Securities	(1,140)
Purchase of Certificate of Deposit	(143)

NET CASH USED BY INVESTING ACTIVITIES (1,283)

NET DECREASE IN CASH AND CASH EQUIVALENTS (7,209)

BEGINNING CASH AND CASH EQUIVALENTS 309,392

ENDING CASH AND CASH EQUIVALENTS \$ 302,183



BATON ROUGE BAR FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS -I-
December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The Baton Rouge Bar Foundation is a voluntary not-for-profit organization which provides free legal services and education programs for the public in the greater Baton Rouge area.

Basis of Accounting - The financial statements of the Baton Rouge Bar Foundation (the Foundation) have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation - The financial statement presentation of the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are resources that are free of donor-imposed or time restrictions and are available at the direction of the governing board. Temporarily restricted net assets are resources that are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by specific action pursuant to those stipulations. Permanently restricted net assets are those resources whose use is limited to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by specific action. The Foundation does not have any permanently restricted net assets.

Revenue Recognition - The Foundation accounts for contributions as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Grants for fee income are recorded as unrestricted net assets in the Statement of Activities. All grantee-restricted support is reported as an increase in temporarily restricted net assets in the Statement of Activities. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reports as net assets released on the Statement of Activities.

Use of Estimates - Management used estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, the Foundation considers all highly liquid investments, both unrestricted and restricted, with a maturity of three months or less to be cash equivalents. However, cash, money funds, and other such items with a maturity greater than three months are classified as certificates of deposits in the statement of financial position and are considered investments for the purpose of the statement of cash flows.

Certificates of Deposit - Certificates of Deposit represent interest bearing accounts at financial institutions with maturity terms of three months or greater. Certificate of Deposits are stated at face value plus interest when it is compounded to the account. These amounts represent face value.

BATON ROUGE BAR FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS -2-
December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable – The Foundation determines past due accounts based on contractual terms and does not charge interest on the accounts. Receivable consists of amounts due from various grants and other receivables. The Foundation charges off a receivable if management considers the collection of the outstanding balance to be doubtful. Management believes that all existing receivables are collectible.

Promises to Give – The Foundation has chosen to recognize all donations when received. The Foundation has chosen not to record any receivable for promises to give. If the Foundation had chosen to recognize the promises to give, the amounts would be immaterial. During the current year, there were no promises to give.

Property and Equipment – Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful life of the asset. Maintenance and repairs are charged against earnings when incurred. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any resulting gain or loss is reflected in current period earnings. The estimated useful lives for significant property and equipment categories are as follows:

Furniture and Equipment	5 to 7 years
Buildings and improvements	15 to 39 years

Investments – Investments in equity and debt securities are recorded at fair value. Dividend, interest and other investment income including realized and unrealized gains and losses are recorded as increases or decreases in either unrestricted, temporarily or permanently restricted net assets depending on donor stipulations.

Income Taxes – The Foundation has been recognized by the Internal Revenue Service as a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, no provision for income taxes has been made; however, if the Organization should engage in activities unrelated to the purpose for which it was created, taxable income could result. The Organization has no unrelated business income for the year ended December 31, 2012.

Membership Dues – Membership dues are paid by participating members of the Baton Rouge Bar Association and are recognized as revenue in the applicable membership period.

Concentration of Support – During 2012, the Foundation received approximately 76% of its annual revenue from five major grantors.

Concentration of Credit Risk – The Foundation maintains its cash balance at financial institutions where they are insured by the Federal Deposit Insurance Company. The balance of these accounts from time to time exceeds federally insured limits. The Foundation has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk on cash and cash equivalents.

Donated Services – No amounts have been reflected in the financial statements for donated services. The Foundation generally pays for services requiring specific expertise. However, some Board Members and other local attorneys volunteer their time and perform a variety of tasks that assist the Foundation but these amounts are estimated to be immaterial.

BATON ROUGE BAR FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS -3-
December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue – Income from one grant was paid in advance and is deferred and will be recognized in 2013, the period to which the grant income relates.

Advertising – The Foundation expenses advertising costs as they are incurred. The Foundation did not advertise during 2012.

Expense Allocation – Directly identifiable expenses are charges to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

NOTE 2: CERTIFICATES OF DEPOSIT

The Foundation holds an unrestricted certificate of deposit at a different bank totaling \$17,316 at December 31, 2012. This certificate bears interest at 0.25% and has maturities in September 2013. Any penalties for early withdrawal would not have a material effect on the financial statements.

NOTE 3: INVESTMENTS

Investments, which are recorded at fair value, as of December 31, 2012 were held by the Baton Rouge Area Foundation. Investments held by the Baton Rouge Area Foundation are primarily mutual funds. The investments are in pooled accounts.

The following schedule summarizes the investment revenue and expenses and their classification in the statements of activities for the year ended December 31, 2012:

	<u>2012</u>
Interest and Dividends, net of fees	\$ 240
Unrealized gain, net	<u>802</u>
Total investment gain	<u>\$ 1,042</u>

NOTE 4: DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Accounting Standards Board Accounting Standards (ASC) provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted priced for identical assets or liabilities in active markets that the Foundation has the ability to access.

BATON ROUGE BAR FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS -4-
December 31, 2012

NOTE 4: DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Level 2—Inputs are based upon quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of assets or liabilities.

Level 3 -- Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value.

Pooled funds: Valued at the net asset value (NAV) of units held by the Foundation at year end.

The preceding methods described may produce fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2012.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Pooled Funds held by Baton Rouge Area Foundation	\$ -	\$ 11,398	\$ -
Total	<u>\$ -</u>	<u>\$ 11,398</u>	<u>\$ -</u>

NOTE 5: RELATED PARTY TRANSACTIONS

The Baton Rouge Bar Foundation and the Baton Rouge Bar Association (the Association) are affiliated organizations through common management. The Association is not included in these financial statements. Both organizations share the same board of directors, president, and accounting personnel. The Association rents office space from the Foundation on a monthly basis. Rental income for the year ended December 31, 2012 was \$2,400.

The Foundation and the Association split the cost of some joint expenses. The types of expenses that are incurred by both organizations include insurance, office supplies, telephone and printing. The organizations also allocate expenses based on actual costs and the estimate of usage. These types of expenses include salaries, payroll taxes, reproduction and postage. All employees are employed by the Association and their salaries and benefits are allocated to the Foundation. During 2012, the Foundation paid \$215,645 to the Association for joint expenses. At December 31, 2012, the Foundation owes \$42,015 to the Association for these types of expenses.

BATON ROUGE BAR FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS -5-
December 31, 2012

NOTE 5: RELATED PARTY TRANSACTIONS (CONTINUED)

Although a portion of the Association's executive director's time and the Association's office manager's time is spent on The Foundation, management has decided not to allocate any salary expense of these two employees to the Foundation. The dollar amount that should be allocated has not been determined, and management believes it would not be significant.

NOTE 6: TEMPORARY RESTRICTIONS ON NET ASSETS AND DESIGNATIONS

Temporarily restricted net assets were available for the following purposes at December 31, 2012:

Renovation of new building	\$ 4,326
Louisiana Bar Foundation Disaster Relief Grant	315
American College of Bankruptcy Grant	771
Teen Court Federal Earmark Grant	<u>2,815</u>
	<u>\$ 8,227</u>

Net assets released from restrictions during the year ended December 31, 2012 of \$242,617 were for program expenses as follows:

Pro Bono IOLTA Grant	\$ 30,250
Pro Bono SLLC Grant	52,000
Youth Education Grant	4,750
American College of Bankruptcy Grant	3,529
Law Day Grant	2,500
Teen Court OYD Grant	69,450
Teen Court Federal Earmark Grant	<u>80,138</u>
	<u>\$242,617</u>

Included in unrestricted net assets is \$30,491 which has been designated by the Foundation for future use towards an anniversary gift.

NOTE 7: INCOME TAXES

On July 1, 2009, the Organization adopted the recent accounting guidance related to accounting for uncertainty in income taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. The Organization's administration recognizes the effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than 50% likely of being realized. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs. The Organization's administration has evaluated its position regarding the accounting for uncertain income tax positions. The Organization's administration does not believe that it has any uncertain tax positions. With few exceptions, the Organization is no longer subject to federal, state, or local tax examinations by tax authorities for years before 2009.

BATON ROUGE BAR FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS -6-
December 31, 2012

NOTE 8: SUBSEQUENT EVENTS

The Foundation has evaluated all subsequent events through June 27, 2013, the date the financial statements were available to be issued.

BATON ROUGE BAR FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

SCHEDULE OF REVENUES AND EXPENDITURES BY GRANT
(See Notes to Financial Statements)
For the Year Ended December 31, 2012

	Pro Bono IOLTA Grant	Pro Bono SLLC Grant	Youth Education Grant	American College of Bankruptcy Grant	Law Day Grant	Teen Court OYD Grant	Teen Court Federal Earmark Grant	TOTAL
GRANT REVENUE	\$ 30,250	\$ 52,000	\$ 4,750	\$ 4,300	\$ 2,500	\$ 69,450	\$ 80,596	\$ 243,846
EXPENDITURES								
Bank Charges	-	70	-	-	-	-	-	70
City Court Costs	67	51	-	-	-	-	-	118
Computer Usage Fee	355	2,500	-	-	-	-	-	2,855
Insurance	796	-	-	-	-	-	-	796
Meetings and Seminars	246	578	8,035	206	628	4,515	3,034	17,242
Office Supplies	300	1,300	370	196	399	1,379	1,476	5,420
Postage	75	818	207	0	181	408	126	1,815
Printing	257	1,517	1,646	661	224	897	1,741	6,943
Professional Fees	624	-	-	-	-	6,375	-	6,999
Salaries and Employee Benefits	27,838	41,668	-	1,779	3,000	51,520	73,761	199,566
Technology Fees	-	-	-	687	-	10,072	-	10,759
Telephone	-	2,500	300	-	-	480	-	3,280
Utilities	-	2,737	-	-	-	-	-	2,737
TOTAL EXPENDITURES	30,558	53,739	10,558	3,529	4,432	75,646	80,138	258,600
REVENUE IN EXCESS OF EXPENDITURES (EXPENDITURES IN EXCESS OF REVENUES)	\$ (308)	\$ (1,739)	\$ (5,808)	\$ 771	\$ (1,932)	\$ (6,196)	\$ 458	\$ (14,754)

NOTE: During the year ended December 31, 2012, expenses incurred and allocated to the various grant programs were in excess of the grant revenue received by the Foundation. The excess of expenses were funded by the Foundation.

BATON ROUGE BAR FOUNDATION
 (A NOT-FOR-PROFIT ORGANIZATION)
 Baton Rouge, Louisiana

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENDITURES
 (See Notes to Financial Statements)
 For the Year Ended December 31, 2012

Bank Charges	\$ 377
Computer and Technology	1,452
Depreciation	15,689
Insurance	3,186
Janitorial	1,035
Meetings	1,184
Miscellaneous	320
Office Supplies	1,367
Postage	174
Printing	1,565
Professional Fees	8,686
Repairs and Maintenance	8,061
Salaries and Employee Benefits	15,054
Scholarships	3,000
Telephone	2,486
Travel	400
Utilities	4,850
	<hr/>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 68,886</u>



BATON ROUGE BAR FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

SCHEDULE OF FUNDRAISING EXPENDITURES
(See Notes to Financial Statements)
For the Year Ended December 31, 2012

Meetings	\$ 5,282
Office Supplies	117
Postage	86
Printing	964
Professional Fees	<u>50</u>
TOTAL FUNDRAISING EXPENDITURES	<u>\$ 6,499</u>



BATON ROUGE BAR FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2012

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Baton Rouge Bar Foundation.
2. Current Year Findings – None
3. No instances of noncompliance material to the financial statements of the Baton Rouge Bar Foundation were disclosed during the audit.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Baton Rouge Bar Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Baton Rouge Bar Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Baton Rouge Bar Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Baton Rouge Bar Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Baton Rouge Bar Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

TWRU

CPAs and Financial Advisors
Baton Rouge, Louisiana
June 27, 2013